

stocks

Growth and Income
Stock Fund

cash investments

balanced

BONDS

Vanguard® 500 Index Fund

Investor Shares

Who Should Invest

- Investors seeking long-term growth of capital.
- Investors seeking low-cost participation in the stock market through a broadly diversified fund.
- Investors with a long-term investment horizon (more than five years).

Who Should Not Invest

- Investors unwilling to accept significant fluctuations in share price.

Assets: \$75,342,453,902

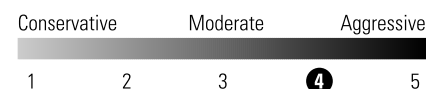
Expenses: 0.18%*

Ticker Symbol: VFINX

Newspaper Listing: 500

Inception: August 31, 1976

Overall Risk Level:



Investment Objective

Vanguard 500 Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

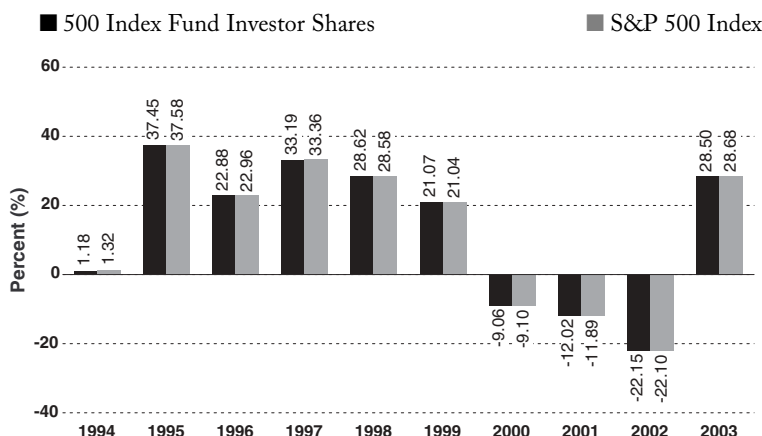
Investment Strategy

The fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.

See reverse side for Fund Profile.

Performance

Annual Returns 1994–2003 — 500 Index Fund Investor Shares
vs. S&P 500 Index**



Total Returns for Periods Ended December 31, 2003***

	Year to Date	1 Year	3 Years	5 Years	10 Years
500 Index Fund Investor Shares	28.50%	28.50%	-4.17%	-0.63%	10.99%
S&P 500 Index	28.68%	28.68%	-4.05%	-0.57%	11.07%

*For most recent fiscal year.

**Standard & Poor's 500 Index, an unmanaged measure of stock market performance.

***Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

Vanguard 500 Index Fund

Investor Shares

Fund Profile

As of December 31, 2003

Top Sector Holdings—Stocks

1. Auto & Transportation	2.6%
2. Consumer Discretionary	13.7
3. Consumer Staples	7.7
4. Financial Services	21.8
5. Health Care	13.2
6. Integrated Oils	4.4
7. Materials & Processing	3.5
8. Other Energy	1.5
9. Producer Durables	4.2
10. Technology	15.7
11. Utilities	6.9
12. Other	4.8

Largest Stock Holdings*

1. General Electric Co.
2. Microsoft Corp.
3. ExxonMobil Corp.
4. Pfizer Inc.
5. Citigroup, Inc.
6. Wal-Mart Stores, Inc.
7. Intel Corp.
8. American International Group, Inc.
9. Cisco Systems, Inc.
10. International Business Machines Corp.

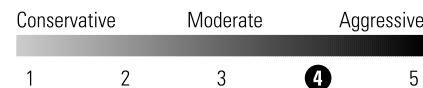
Top Ten as % of Total Net Assets 22.6%

*Fund holdings are subject to change.

A Few Words About Risk

When investing in stock funds, short-term losses (or gains) are common, largely as a result of sudden movements in stock prices as views change about the economy and individual companies. However, over extended periods the market's ups have tended to outweigh its downs. There is no guarantee this

Overall Risk Level:



will continue. Usually, the longer you hold your investments, the lower your chances of losing money.

Investment Terms

Dividends: Payments made by companies to investors in their stock. The payments typically depend on economic conditions and the company's financial health.

Expenses: The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

Index Funds: Mutual funds that try to track as closely as possible the performance of a target index (e.g., a large group of U.S. stocks, foreign stocks, or bonds). Index funds may invest in all or a representative sample of the stocks included in the target index.

Market Risk: The chance that the value of an investment will change because of rising (or falling) stock or bond prices.

Mutual Fund: An investment company that combines the money of thousands of people and invests it in a number of securities (stocks, bonds, short-term reserves) to achieve a specific objective over time.

Total Return: The change in the value of an investment, plus any income from interest or dividends. The standard measure of a mutual fund's performance.

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Performance figures include the reinvestment of all dividends and any capital gains distribution. All returns are net of expenses. Return figures reflect past performance, which is no guarantee of future results. The investment return and principal value will fluctuate. An investor's shares, when redeemed, may be worth more or less than the original cost.

Vanguard funds are offered by prospectus only. Prospectuses contain more complete information on risks, advisory fees, distribution charges, and other expenses and should be read carefully before you invest or send money. Prospectuses can be obtained directly by writing to The Vanguard Group, P.O. Box 2900, Valley Forge, PA 19482-2900; calling 1-800-523-1188; or visiting www.vanguard.com.